

## **NOTICE TO THE BAR**

### **Answers to Contingent Fee And Interest On Judgment Questions**

In response to questions in regard to R. 1:21-7(c), Contingent Fees, and R. 4:42-11(b), Interest Judgments, the Supreme Court has authorized the following responses:

1. Do the limits set forth in R. 1:21-7(c) apply to cases in federal courts? Yes. The Supreme Court considers that they apply to any contingent fee arrangement in a tort matter entered into by a New Jersey attorney, without regard to the court in which an action may subsequently filed, and to any participation by a New Jersey attorney in a contingent fee arrangement entered into outside the State of New Jersey with respect to litigation in this State. This is not to deny the authority of the Federal Courts to apply a different standard to implement some other federal policy.
2. Do the limits set forth in R. 1:21-7(c) apply to contingent fee arrangements entered into prior to January 31, 1972 (the effective date of the rule) but not completely performed by that date? Yes. The Supreme Court, however, expresses no view as to those arrangements fully performed before that date.
3. Does R. 1:27-1(c) apply to so-called "business torts", as distinct from the typical business case? No. The Supreme Court intended to impose the fee limitations only on contingent fee arrangements in negligence cases, such as auto accident, slip-and-fall, or products liability cases, and not on so-called "business torts", such as fraud or conspiracy to interfere with contractual relationships. This answer should not suggest, however, what is an appropriate contingent fee in those cases.
4. Does R.4:42-11(b) apply where a judgment is entered following a settlement? No. The Supreme Court intends that interest be added only when an award is made as a result of a trial, whether by jury or by a judge sitting without a jury.

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